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SUBJECT: FLSN ATTACKS AGAINST THE EMBASSY UPSET AMERICAN AND
NICARAGUAN INVESTORS

REF: MANAGUA 1090; MANAGUA 907; MANAGUA 799

SUMMARY

¶1. (SBU) American and Nicaraguan investors in the tourism industry have expressed their displeasure with the Government of Nicaragua (GON) regarding the October 30 attacks against the Embassy by Sandinista National Liberation Front (FSLN) supporters. They have told GON officials that the attacks have scared away investors and tourists. American entrepreneurs also worry that they may not be welcome in Nicaragua because of the government's anti-American rhetoric. GON officials, including President Ortega's family, hear the concerns of investors, but continued rhetoric and future attacks cannot be ruled out so long as political gain is put ahead of economic growth.

INVESTORS UPSET ABOUT ATTACKS AGAINST EMBASSY

¶2. (SBU) American and Nicaraguan investors in the tourism industry are upset with the GON for allowing FSLN supporters to attack the Embassy on October 30 (Ref A). One American investor stated that the GON and FSLN should know that the Embassy is considered sovereign U.S. territory and many Americans in Nicaragua are offended by the attacks and vandalism. Nicaraguan entrepreneurs have also expressed their frustration with the GON, noting that the government should have prevented the attacks and that this incident has damaged Nicaragua's image in the United States and international community.

BAD FOR BUSINESS

¶3. (SBU) On November 19, the Association for Nicaraguan Investors and Developers (ANID), an advocacy group for tourism and real estate development, held a town hall meeting with Alvaro Baltodano, Presidential Delegate for Investment Promotion, and Javier Chamorro, Executive Director of ProNicaragua, the government's investment promotion agency. Laureano Ortega, the son of President Daniel Ortega and First Lady Rosario Murillo, also attended the meeting; local media report that Ortega has an internship with ProNicaragua. Investors complained that the attacks were bad for business and have scared away tourists and other investors. American entrepreneurs expressed their concern that they might not be welcome in Nicaragua because of the GON's anti-American rhetoric. One Nicaraguan investor told GON officials that he

attended the American Association of Retired Persons (AARP) National Member Event and Expo on October 22-24 with ProNicaragua (Ref B). He said that he had developed good contacts at the AARP event, and he had followed up with them to explore business opportunities. After the attacks against the Embassy, however, his contacts decided that they did not want to do business in Nicaragua.

¶4. (SBU) Baltodano said he understood investor concerns regarding the attacks, and he had spoken to senior government officials about the incident. He defended the FSLN's right to protest and avoided criticizing the attacks, noting that investors must deal with the political realities of Nicaragua. Baltodano asserted that the GON wants to maintain bilateral relations with the United States, including strengthening commercial ties. Chamorro added that ProNicaragua is working within the GON to underscore the importance of maintaining Nicaragua's image as an attractive place for foreign investment. He acknowledged that the United States is Nicaragua's biggest trading partner, and U.S. investors are important contributors to Nicaragua's economic development. One American investor suggested that there should be a mechanism to convey investor concerns directly to President Ortega. Baltodano responded that he communicates directly with President Ortega and will convey these concerns to him. Note: Laureano Ortega took notes during the meeting and did not speak. Several Nicaraguan investors spoke to him privately before and after the meeting to voice their concerns about the damage done to Nicaragua's image as a result of the attacks. End note.

COMMENT

¶5. (SBU) Investors in the tourism industry are already struggling to attract tourists and maintain their businesses because of the global economic crisis (Ref C). The attacks against the Embassy were a serious blow to Nicaragua's tourism sector, and entrepreneurs are reporting that some American and other foreign tourists have cancelled their vacations here after the incident. GON officials, including President Ortega's family, hear the concerns of investors, but continued rhetoric and future attacks cannot be ruled out so long as political gain is put ahead of economic growth.

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